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**COMMERCIAL RECREATION
OPPORTUNITIES IN NORTHERN
ALBERTA**

EXECUTIVE SUMMARY

MAY 1990



Alberta
FORESTRY, LANDS
AND WILDLIFE
Forest Industry Development



AUG - 6 1991

EXECUTIVE SUMMARY

1. INTRODUCTION

The Alberta government White Paper on Proposals for an Industrial and Science Strategy for Alberta 1985-1990, identified a provincial commitment to encourage and develop economic diversification. The achievement of a significant increase in Alberta's tourism industry was a key objective of this strategy and as such, both public and private recreation and tourism initiatives have become increasingly prevalent during the latter part of this decade.

The development of recreational resources and activities, the basis from which our tourism industry is built, have evolved for the most part from programs and policies of municipal, provincial and federal governments. These initiatives have effectively focused upon the overall approach and development of prime visitation and tourism generators in areas most impacted by tourists, namely, the mountain parks, major centres and major inter-provincial corridors throughout the province.

Northern Alberta, as evidenced through its relative lack of major developed tourism generators, has played a less dramatic role in tourism infrastructure development than its southern counterpart. The majority of existing tourism opportunities which now exist have been developed and are operated by the public sector. Northern Alberta residents, however, have realized that they have considerable potential to develop and enhance their tourism resources through various tourism initiatives. It is now time to investigate and identify tourism opportunities throughout northern Alberta.

COMMERCIAL RECREATION OPPORTUNITIES IN NORTHERN ALBERTA

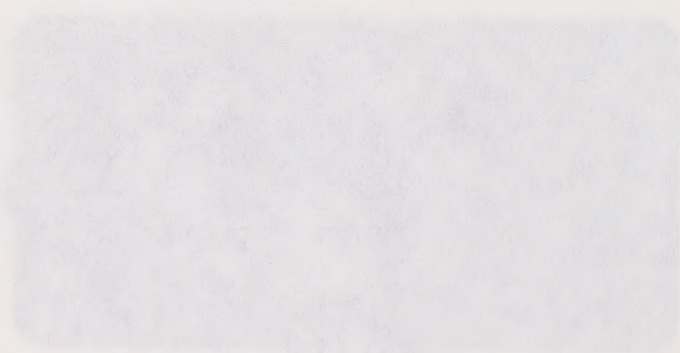
EXECUTIVE SUMMARY

MAY 1990

Prepared for:

Inter-Departmental Committee:

- Alberta Forestry, Lands & Wildlife
- Alberta Tourism
- Alberta Recreation and Parks
- Alberta Environment
- Alberta Cultural and Multiculturalism
- Alberta Transportation and Utilities
- Northern Alberta Development Council



Alberta Energy, Lands & Forestry
Alberta Forestry
Alberta Environment and Forestry
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EXECUTIVE SUMMARY

I. INTRODUCTION

The Alberta government White Paper on Proposals for an Industrial and Science Strategy for Albertans 1985-1990, identified a provincial commitment to encourage and develop economic diversification. The achievement of a significant increase in Alberta's tourism industry was a key objective of this strategy and as such, both public and private recreation and tourism initiatives have become increasingly prevalent during the later part of this decade.

The development of recreational resources and activities, the basis from which our tourism industry is built, have evolved for the most part, from programs and policies of municipal, provincial and federal governments. These initiatives have observably focussed upon the overall upgrade and development of prime resources and tourism generators in areas most impacted by tourists, namely, the mountain parks, major centres and major intra-provincial corridors throughout the province.

Northern Alberta, as evidenced through its relative lack of major developed tourism generators, has played a less dramatic role in tourism infrastructure development than its southern counterpart. The majority of existing tourism opportunities which now exist have been developed and are operated by the public sector. Northern Alberta residents, communities and the few current private operators realize that they have considerable potential to add to the economic development of the province through various tourism initiatives. If full potential is to be reached, the time to investigate and identify commercially viable recreation opportunities throughout northern Alberta is now.

Provincial government response to this need has resulted in this present study, the purpose of which is:

1. To measure the current status of commercial recreation in northern Alberta;
2. To determine where current and future commercial recreation opportunities exist and;
3. To develop recommendations aimed at stimulating positive growth of the commercial recreation sector.

In July, 1989 the IMC Consulting Group Inc. was commissioned to undertake the study on behalf of an inter-agency governmental Steering Committee lead by the Forestry Industry Development Division of Forestry Lands and Wildlife. This comprehensive baseline study has been funded through the Northern Alberta Development Agreement Program, and as such, the study area is coterminous with that of the Northern Alberta Development Council Area.

It is believed that the results of this work fully sets the stage for a well researched, comprehensive approach whereby both the government and the recreation sector can collectively develop the recreation and tourism opportunities which are found in abundance throughout northern Alberta.

The conclusions reached in this study are a result of an objective assessment by the consultant. These conclusions expressed herein do not necessarily reflect the opinions of the government departments involved. Nevertheless, the steering committee has provided feedback on all aspects of the study.

Study Objectives

The conduct of research for this study was guided by the following objectives.

1. To conduct a comprehensive review of the background materials, data, issues and policies that affect and depict the current status of recreational development in northern Alberta.

2. To identify and document the present status and value of the commercial recreation industry relative to a number of categories, including facilities, products and experiences, in support of tourism development in the north.
3. To identify and document the barriers to commercial recreation opportunities by assessing natural resources, infrastructure, financial, entrepreneurial, policy and market constraints.
4. To summarize what and where are the potential commercial recreation opportunities in the north, in accordance to industry type.
5. To segment the potential opportunities by scope and scale.
6. To assess potential opportunities by market feasibility and financial viability.
7. To investigate and provide strategic approaches to development by identifying constraints and possible solutions to mitigate the constraints.
8. To describe recommendations and actions steps to help implement the strategic approaches to development.

Methodology

The comprehensive nature of this study necessitated a five phase approach presented as follows.

1. Current Status Review
2. Forecast Demand Analysis
3. Opportunity Identification
4. Opportunity Feasibility
5. Recommended Strategy

NOTE: Since commercial recreation opportunities served as the object of research and analysis, the consultant team and the project committee in recognizing that commercial recreation in its broadest context is multi-faceted, set parameters for the scale of opportunity to be analyzed.

For the purpose of this study, commercial recreation opportunities are reviewed and analyzed on the basis of opportunity areas as sub-services/industries of the overall tourism/recreation industry. In this regard site specific commercial ventures, although inventoried, were not analyzed on an individual basis.

For example, if demands were shown for increased wilderness access or touring in any given area, and no organizations or suppliers for the services existed, then the opportunity was dealt with in a regional, or sub-zone basis without identifying specific sites or services required.

In this regard, the modelling of an opportunity was generated and further feasibility commenced on this basis.

Current Status Review

The Alberta Forest Service was regarded as the most involved public agency in developing, administering and controlling forest recreation in northern Alberta. Subsequently, the formats for data collection and analysis were undertaken on a Forest Zone basis.

The inventory of existing recreation resources began with a review of all available secondary data sources. Information on recreation supply was collected and categorized by type including:

- fixed roof accommodation
- non-fixed roof accommodation
- concentrated recreation
- wilderness adventure products
- touring products
- heritage interpretive products
- special attractions/services or events

In all categories, data collection included both quantitative and qualitative analysis, public and non-profit-public versus commercial operators. Where possible attendance and participation rates were also recorded. Data was assimilated and reviewed on both a Forest Zone basis and by recreation type for the entire study region.

Primary research was undertaken using a combination of surveys, focal group meetings and interviews.

A representative sample of operator types on a geographic cross-section was developed through the assistance of tourism associations and a mail out return survey was administered. Information sought included type of operation, user demands, future plans, constraints to operations, financial viability and opportunity assessments.

Survey information was augmented by information obtained from seven focal group workshops which were held throughout the study area. The workshops included regional representation from both public and private operators in the recreation and tourism sectors. Workshop sessions focused upon inventory review, stated constraints and issues and recreation and tourism sector opportunities. While in the various study sub-regions the consultants undertook interviews with both public and private operators.

The information from both primary and secondary research was recorded, analyzed and presented to the study committee by forest region and for the overall study area. The salient features of this preliminary research presented the constraints and issues, the apparent opportunities from an industry perspective and the recreation service voids which exist throughout northern Alberta.

Forecast Demand Analysis

This second phase of research involved an overview of commercial recreation travel trends and a review of expected impacts to the overall recreation/tourism industry resulting from demographics, participation trends in each recreation activity type,

development in other industry sectors and forecasted infrastructure development for the region.

Secondary data review served as the basis for this analysis. Such review was deemed vital in determining the future viability of any assumed opportunity in any given area of the region.

Opportunity Identification

Since the feasibility of specific opportunities in specific sites is a complex and multi-faceted issue, the determination of feasibility on each and every stated opportunity was beyond the scope of this study. However, through an analysis of supply and demand it was possible to trace the sub-regional needs within each recreation type and formulate model situations which could be tested. In all, eight opportunity models were developed as a means to test feasibility and impact in sub-regional areas. Each opportunity model was developed in a manner which portrayed the evident needs and opportunities generic to each region and within each recreation activity category. Based upon review of forecast demand, complementary impacts from associate development, and known initiatives for infrastructure development, prime areas or opportunity complexes were developed as a means to measure the feasibility of each opportunity model.

Opportunity Feasibility

Given that the opportunity models and their placement were generated from both a needs and a market perspective, this phase of research provided extra justification in determining the financial and environmental feasibility of each opportunity.

The economic analysis traced potential economic impacts that might be produced by each model on both a provincial and sub-regional basis.

The environmental feasibility traced the impacts of the development from a biological and social perspective.

Final decisions were made as to the viability of previously noted opportunity models and their respective locations within opportunity complexes. The most feasible opportunity options were then determined.

Recommended Strategy

The opportunities as identified were assessed in relation to recorded constraints, particularly those constraints which impeded development from a regulatory and policy perspective.

The consulting team then developed recommendations aimed at mitigating those constraints which impeded the development of key commercial recreation opportunities, and recommended new initiatives which would serve to expedite such development.

II. SUMMARY OF REPORT

There is little question that commercial recreation has considerable potential to impact the economy of northern Alberta. Entrepreneurial abilities and interest and market demands will continue to be the main driving forces behind this potential. This has been proven to be the case in other sectors, as well as in other geographic areas such as southern Alberta. The promise in the north, however, may not be that imminent. The viability of some opportunities will be realized in the short term, while for others, a longer timeframe will be required as the market increases.

Several initiatives could be undertaken to help expedite new development opportunities and mitigate the many constraints that are inhibiting the progress of the industry in the north. However, these initiatives will only come about if commercial

recreation as an entity gains a similar profile and importance attached to it as the more traditional resource extraction industries.

Recreation Inventory

Northern Alberta's current status of commercial recreation can be depicted through four key aspects: the physical plant, the operators, the many issues and constraints, and the opportunity base. In each case, there are possible attributes and challenges that must be addressed or maximized in order to see projects through to fruition.

With regard to the recreation resources, activities and developments that make up the physical plant, it is clear that the extensive natural resource base is a key factor to new recreational and tourism developments in the north. However, a significant deficiency to date has been a lack of orientation towards the tourism market. Unlike its southern counterpart, northern Alberta has tended to cater to more localized markets, which has in turn caused less appealing products to evolve for the tourists. The vast wilderness resource base is one area where the commercial opportunities abound and in which the products and services can be improved. This is also the area that can influence the growth of the many recreation activity categories, from fixed-roof accommodation to special attractions, as well as wilderness adventure products.

The recreation industry in northern Alberta is largely subject to the abilities and creativity of the operators. At present, private sector participation is relatively limited. This provides considerable opportunity for investigating new ventures in all commercial recreation categories that were reviewed. Government and non-profit organizations make up the remainder of the operator base. The types of recreational activities that the private sector is presently involved in are also relatively limited, as are joint venture projects with government.

Over 75 percent of business is presently being conducted during the summer, a function of the type of ventures in the industry, geographic location and marketing. Potential certainly exists to expand visitations during shoulder seasons and winter with proper packaging and promotion.

It is evident that the industry is experiencing mediocre returns on investment with only slightly increasing or maintained markets over the past several years. With changing market demands, the business community will therefore have to adjust its products and services. Sound marketing strategies, hospitality training and business planning skills may be key to that adjustment.

Several issues and constraints that conceivably challenge the expansion of commercial recreation and tourism development in northern Alberta were voiced by private and public sector operators. The pre-determined categories used to segment the issues and constraints helped reveal that "government imposed" constraints ranked as the most widespread detriment. "Financial" constraints to development ranked second and "access issues" was the third most prominent area of concern. Less prominent but still very important constraints consisted of concern for the depleting "physical/natural resource", "business knowledge" amongst the operators, and "environmental control and management". The identification, review and subsequent elimination or mitigation of these constraints is vital to expansion of the industry in the north. If they are not addressed in collaboration with the private sector, the potential exists for the problems to continue to grow.

Finally, the opportunity base in northern Alberta leads to several good opportunities that were reviewed and helped illustrate the potential to expand commercial recreation. Detailed evaluations of opportunities should be on-going, to reflect economic and market feasibility as factors change.

Perception of Operators

The existing operators in northern Alberta are characterized as having considerable potential but are relatively limited in their present scope. Catering largely to local and regional markets, the businesses lack visitation from southern Alberta, other parts of Canada or international origins. Peak visitation continues to occur during the summer months with the main markets being families, young groups/individuals and a growing seniors market. Hunters and fishermen are an obvious adventure market that the

northern operators have successfully penetrated. Potential therefore exists to expand these market segments with enhanced marketing and packaging. This effort will assist more of the businesses to operate year round, expand market penetration and increase return on investments.

To support their potential expansion plans, the operators must overcome a number of key limitations or constraints imposed upon them. Critical to their capitalization and operation are financial sources. The cost of "doing business" in the north is reportedly higher than in the south and in more urban locations, consequently revenues must be able to compensate or outside funds are required. Lack of start-up financing is also a major deterrent, and access to both conventional financing and government programs are difficult due to the perceived risks in the tourism industry.

Operators appear to be frustrated by the government red tape that they encounter when approaching government officials or accessing programs. Much of this frustration can be circumvented by providing proper information and assistance for the entrepreneurs. Nevertheless, some regulations and policies are in direct conflict with the aspirations of the businesses. Largely attributed to the Provincial Government, and to some extent Municipal Government, concerns range from ALCB regulations to local parking bylaws.

A third limitation or concern that confronts the operators is the depleting resource base. They are aware that the wilderness plays a key role in the future of their tourism operations. Without the forests, wildlife and fish stocks, the products suffer and the client base will ultimately decline. This is especially pertinent when the tourism products in northern Alberta are limited, and competition is available to the south.

Commercial Recreation Travel Trends

The tourism industry is undoubtedly growing at a rapid pace internationally and nationally. Alberta is no exception as it's natural beauty and cultural attractions help draw visitors from around the world. The outdoor recreation/adventure activities

have become instrumental in developing the tourism base in this province, and the market for adventure recreation is growing more now than in any previous point in history. The vast natural resources available in northern Alberta provide the potential to create a diversity of adventure recreation products.

Eco-tourism and its many attractive features presents some excellent opportunities for northern Alberta. The potential lies in the small capital investment requirements and grass-root control by local entrepreneurs. In essence, if the commercial recreation/tourism industry is to thrive in the north, the wilderness and wildland resources (land, water, wildlife, etc.) must be preserved and conserved in substantial portions. The international trend toward non-consumptive eco-tourism is very significant and must be maximized in commercial as well as non-commercial opportunities.

Growth of Northern Alberta

Northern Alberta will continue to face considerable potential for growth in the near future. Population growth is predicated largely by the industrial projects that are expected to occur over the next several years. Many of the Census Division's throughout the north are forecast to grow by 2% per annum while the rate for all of Alberta is expected to be 1%. This impending growth should have an influence on increasing markets for commercial recreation and the demand for tourist services and infrastructure. New tourist services and infrastructure should also help support the incremental visitation to the region.

Opportunities In Commercial Recreation

The evaluation of the current commercial recreation base in northern Alberta and an investigation of trends relative to the north has prompted the need to assess at least eight types of operations. The essence of the suggested commercial opportunity areas was to address potential demand, as well assist in the strategic allocation of tourism developments throughout the regions of northern Alberta. The final selection of each

opportunity is, however, subject to the scrutiny of an entrepreneur and more detailed feasibility assessments.

The recommended opportunities, ranging from campgrounds to major tourist generators have varying degrees of viability. For example, if an existing campground is to be considered for upgrading, the revenues may have to be considerably higher to offset the cost of improvements. Market supply and demand must therefore support the investment at that particular location.

Two types of **campground opportunities** have been suggested in this report: facilities for full service camping and the possibility of upgrading existing municipal or provincial government campgrounds and recreation areas to make them market competitive for the private sector. The latter would be very dependent on the particulars of how a government agency would dispose of their properties and the costs involved with respect to sale and improvements. A private sector proposal for purchasing a government facility would have to present the merits of privatization and economic viability.

A **full-service camping/RV park** is suggested as a destination type of campground. Either the area's natural attributes or a major tourism generator must form the basis for such a development to be nearby and viable from a market perspective.

Two other key opportunity areas are **back-country fly-in fishing/hunting lodges** and **mid-country/front-country lodge or cabin developments**. Each have excellent potential to succeed but are both very dependent on location and ability to provide good recreational products and tourism experiences. Good business management practices must also be instilled to create a viable operation. It is these two types of operations that also have considerable potential to cater to outside markets.

Opportunities exist for **tourist hotels or inns** in communities that have potential to attract vacationers. Unfortunately, many facilities providing fixed-roof accommodation in northern Alberta presently do not have the necessary tourist appeal. Marketing plans should attempt to target travellers and destination visitors while trying to avoid the industrial market.

One of the most recognized deterrents to commercial recreation in northern Alberta is the limited market size. A means of addressing this situation is to create **tourist generators** that will help draw incremental visitation into the northern regions. Northern Alberta has the potential to use its vast physical resource base such as mountains or water bodies around which to orient new tourism developments. Strategically placed and marketed, these new generators can ultimately cause the other opportunities to come to fruition. However, due to the amount of capital investment required, land base affected and planning that is necessitated, joint efforts by government and private sector will be crucial if development is to occur.

Several other **retail and service business opportunities** also have the potential to complement recreation and enhance tourism in the north. These commercial opportunities do not always require large capital or operating costs and can be accommodated in a variety of locations. Possibilities include expansion of existing ventures or cross merchandising, and locating along with other services or attractions within communities or in rural areas where market demand would support it. Basic tourist services for the motoring public are also recommended at convenient locations along well travelled routes. **Service corridors** can be used to accommodate businesses oriented to highway commercial land uses. It is expected that all of the above-noted opportunities can compliment one another to assist in the strategic allocation and growth of commercial recreation and tourism in northern Alberta.

(Refer to attached table and figure)

Opportunity Complexes

Ten opportunity complexes or regions define the general locations of opportunities. Forty-four (44) opportunities were identified for further scrutiny. Considering the potential for market expansion adequate infrastructure, complimentary services required and assuming that the resource base could support the development, each of these opportunities has some degree of commercial viability. The criteria used helped prioritize the 44 opportunities with respect to their areas and types of development.

OPPORTUNITY EVALUATIONS

CRITERIA

Opportunity	Nat. Res.	Rec. Activ.	Market	Trans./ Access	Prod. Void	Cult. Heritage	FVDR Recog.	Infra./ Services	Growth/ Ec. Dev.	Score	Priority	Opportunity Name
1	5	4	3	3	5	2	5	4	3	34	Considerable	Cold Lake Water Gen.
2	5	4	4	4	5	4	5	5	3	39	Highest	Lac La Biche Water Gen.
3	5	3	4	4	5	4	5	5	4	39	Highest	Lesser Slave Lake Water Gen.
4	5	5	4	2	5	1	3	2	2	28	Low	Kakwa Lodge
5	5	5	5	3	4	1	5	2	2	32	Moderate	Mountain Gen. Grande Cache
6	5	5	3	2	2	1	4	1	2	25	Minimum	Campground E of Grand Cache
7	3	2	3	4	3	2	1	2	4	24	Minimum	Campground S of Grand Prairie
8	3	4	4	4	4	5	1	4	5	34	Considerable	Lodge N of Whitecourt
9	4	4	3	3	5	1	2	1	2	25	Minimum	Hunting Lodge near Grande Prairie
10	4	4	4	4	3	3	5	4	4	35	Considerable	Hotel/Inn Slave Lake
11	5	3	3	4	4	2	5	4	4	34	Considerable	RV Campground Near Lesser Slave Lake
12	5	4	5	3	2	2	5	2	3	31	Moderate	RV Campground Near Siebert/ Touchwood Lakes
13	3	3	4	2	5	2	2	2	3	26	Low	Lodge/cabins Near Clyde Lakes
14	4	4	5	4	5	4	5	4	5	40	Highest	Water Gen. on Athabasca
15	4	3	3	4	5	3	5	2	5	34	Considerable	Lodge/Cabins on Fawcett Lake
16	3	3	2	3	4	4	1	2	3	25	Minimum	Backcountry Lodge Wabasca Area
17	3	3	3	3	4	4	1	1	3	25	Minimum	Upgraded Campground Near Wabasca
18	4	3	3	5	5	5	5	3	4	37	High	Dunvegan Water Gen.
19	4	4	3	5	5	5	5	3	4	38	High	RV Campground at Dunvegan
20	5	3	3	3*	5	2	1	1	2	25	Minimum	Fly-in Fishing Lodge
21	3	4	3	5	4	4	5	5	5	38	High	RV Campground Near Peace River
22	4	4	4	5	3	3	3	5	3	34	Considerable	RV Campground Near Bonnyville
23	3	4	4	5	4	1	3	5	5	34	Considerable	RV Campground Near Grande Prairie
24	4	4	4	4	4	2	3	3	5	33	Moderate	Upgraded Campground - Whitecourt
25	3	2	4	4	3	1	1	1	4	24	Minimum	Upgraded Campground S of Fort McMurray
26	3	3	3	4	2	1	1	4	4	25	Minimum	RV Campground Fort McMurray Area
27	5	5	2	5	4	1	1	4	2	29	Low	Hotel/Inn At Grande Cache
28	4	4	4	5	4	4	5	5	2	37	High	Hotel/Inn Lac La Biche Area
29	4	4	3	5	4	3	3	5	3	34	Considerable	Hotel/Inn Bonnyville Area
30	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Service Corridor Near Mariana on Highway 63
31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Service Corridor on Highway 35 - Twin Lakes Area
32	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Service Corridor on Highway 40 Near Musreau

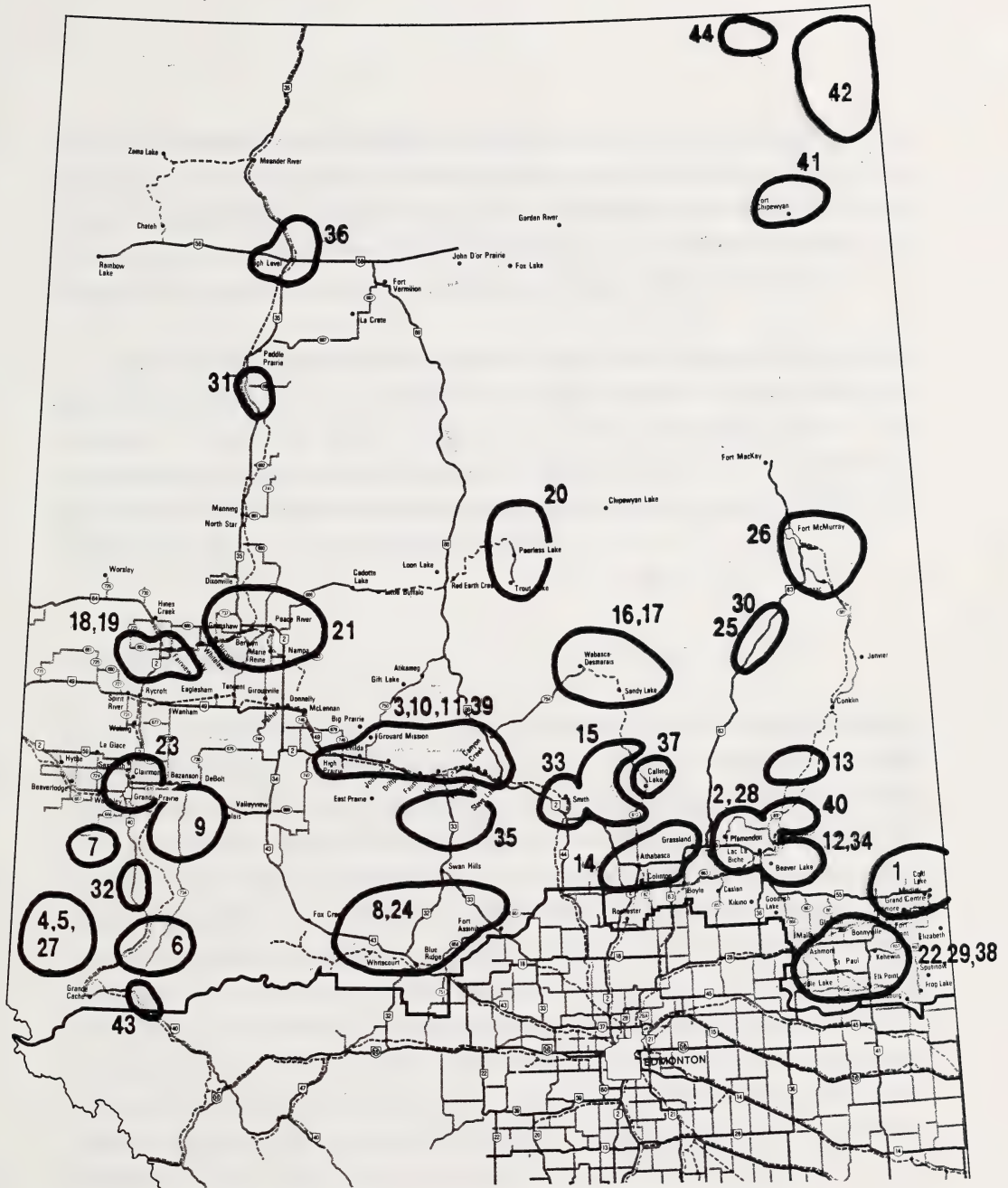
OPPORTUNITY EVALUATIONS

CRITERIA												
Opportunity	Nat. Res.	Rec. Activ.	Market	Trans./ Access	Prod. Void	Cult. Heritage	FVDR Recog.	Infra./ Services	Growth/ Ec. Dev.	Score	Priority	Opportunity Name
33	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Service Corridor at Intersection of 2, 2A and 44
34	5	4	5	3	5	2	5	4	3	36	Minimum	Lodge/Cabins Near Siebert/Touchwood
35	4	3	2	3	4	2	1	1	4	24	Minimum	Upgraded Campground Near Swan Hills/Slave
36	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Service Corridor in High Level Area
37	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Service Corridor Near Calling Lake
38	4	4	4	4	4	2	3	4	3	32	Moderate	Lodge/Cabins Bonnyville Area
39	5	3	4	4	5	5	3	3	4	36	High	Front Country Lodge N of Lesser Slave Lake
40	4	3	4	4	5	3	2	2	3	30	Low	Lodge/Cabins Near Heart/Logan Lakes
41	5	2	2	1	4	5	4	3	1	27	Low	Lake Athabasca Water Generation
42	5	2	4	4*	3	1	1	1	1	22	Minimum	Fly-in Fishing Lodge NE of Wood Buffalo NP
43	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Service Corridor at Intersection of Hwys 734 and 40
44	5	4	2	4	3	3	1	2	1	25	Minimum	Lodge Near Fort Smith

* Fly-in lodges are dependent on air strips or suitable water bodies for air access.

"Potential" scores as they apply to criteria:

1. Limited
2. Below Average
3. Average
4. Above Average
5. Excellent



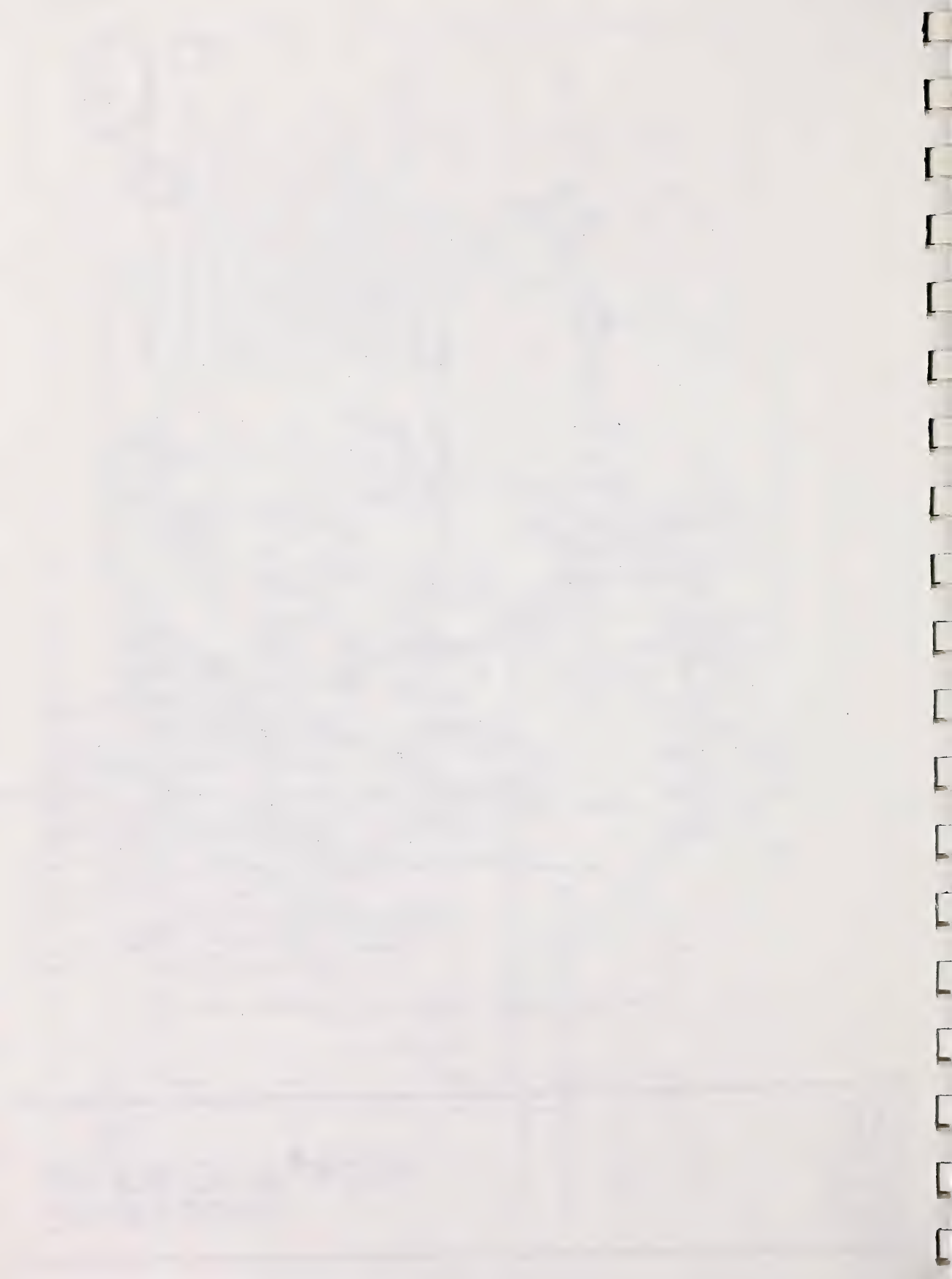
NORTHERN ALBERTA DEVELOPMENT COUNCIL AREA

COMMUNITIES WITH POPULATION OVER 75 (1981 CANADA CENSUS)

km 0 10 20 30 40 50 60 70
miles 0 10 20 30 40 50 60 70

PRIMARY HIGHWAY SECONDARY ROAD L.O.C. ROAD RAILWAY

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Out of all the opportunities identified, the three that were rated with "highest" priority were all water-oriented tourist generators. The six opportunities with a "high" rating ranged from supporting services for the generator to another generator at Dunvegan. Those opportunities (eight) that were considered to have "considerable" priority were largely R.V. campgrounds and hotels or lodges and the generator at Cold Lake.

It is also evident that those complexes that are in the "near or mid north" will support the greatest share of the opportunities, primarily because of their proximity to markets... The more distant areas from markets conceivably support less opportunities, but their market attraction is dependent on the type of development. Example is a, fly-in fishing/hunting lodge in the far north that can draw national and international clients if a strong product is available.

Financial Feasibility

The financial feasibility analysis that was performed for each of the generic models - fly-in fishing/hunting lodge; lodge/cabin development; tourist hotel/inn; upgraded campground; upgraded R.V. campground; new R.V. campground; water-based tourism generator; and the mountain-based tourism generator, presented order of magnitude capital costs, operating costs and revenues and potential financing costs required to achieve 15% return on investment. Estimates of fees and charges helped discern the visitation required. Although this information provides valuable benchmarks for the entrepreneur to assess their interests in new ventures, several factors must be considered. For example, scope and size of development, location of facility in northern Alberta and attendant visitation, and lastly the rates to be charged and duration of operation are instrumental parameters to test feasibility. Each case demands a detailed assessment which would set these factors in order to ascertain feasibility.

Based on the preliminary assessments of the generic models and assuming a nominal rate of return for these types of business ventures, it appears that the upgraded campground option may be the least viable. Visitation required to cover operating costs would be approximately 5330 site-nights or over 70 percent occupancy. The

viability of such a venture could only be increased by dramatically decreasing the standards of development and/or removing near by competition and increasing the market draw. If, however, the cost of purchasing an existing development is also factored in, the return would be even lower.

The two different types of lodges appear to have sound viability. Factors to consider are duration of operation throughout the year to keep visitation revenues as high as possible, keeping staff overhead to a low but effective level, and location of the facility that will, in turn, influence market size.

The hotel/inn suggested is to be at the higher end of the market and therefore, can charge higher rates. It's viability strongly depends on location. The location will in turn effect market, rates to be charged, and ultimately revenues.

Two possibilities exist for R.V. campgrounds: upgrading an existing campground or building one from scratch. Although the capital costs of the newly developed facility would be considerably greater than the upgraded R.V. campground, a similar occupancy rate would be necessary to cover operating costs of each. Therefore, market penetration is the key to the viability of an R.V. campground.

Two types of major tourism generators were also presented: a water-oriented generator and a land-based (mountain) generator. Although the size and scope of such large developments have much greater range than the other proposed models, it is assumed that both operating and capital costs will be significantly high, especially if critical mass is required in these facilities. Viability will therefore depend heavily on occupancy and visitation. Even if a high occupancy rate can not be achieved, it must be appreciated that the generators will form strategic elements of the overall northern tourism plan to create the visitations required for other commercial ventures. This may in turn warrant government grants and low interest loans to finance capital costs for start-ups.

Economic Impacts

Northern Alberta, the local communities and all of Alberta stand to benefit significantly from the development and operation of the various commercial opportunities identified. It is recognized that the economic impacts will accrue over several years depending on the rate of development and visitation. Nevertheless, as each opportunity comes to fruition it will produce its own direct, indirect and induced impacts. It is clear that the larger types of development such as the major generators will account for the greater share of the impacts and that the construction, operating and tourism impacts can also vary from model to model. The location of the development can also influence the leakage of expenditures from local economies. Since most of the opportunities identified fall into the near and mid north parts of the province, any leakage will likely flow into the Edmonton-area economy.

Incremental visitation is another form of measuring true tourism impact. The two main models that are expected to have the greatest visitation from outside northern Alberta and outside Alberta are the fly-in fishing lodges and the water and mountain (land) generators with approximately 90 percent of the visitors to the facilities being incremental tourists.

In order to assess overall impacts, a series of forecast scenarios were developed to reflect a low, medium and high range of development that could accrue to the north over a 15 to 20 year time frame. It is evident that the cumulative impacts over approximately 20 years could produce a GDP impact of \$867 million (in \$ 1990) and employment impacts of 29,400 person-years at the high scenario. In summary, the benefits derived from these new opportunities indicate that tourism has an important role to play in the overall economic development and diversification of northern Alberta. This can be demonstrated by viewing the impacts of just the new tourism projects in light of the performance of other industrial sectors in northern Alberta or Alberta as a whole.

Environmental Aspects of Development

The results of this study has shown very clearly that the future state of commercial recreation in northern Alberta is heavily dependent on the preservation of the natural environment. Indeed the tourism industry depends upon the same resource for its very existence and thus environmental considerations can exert a profound influence on the nature of tourism and specific commercial recreation developments.

The overall or aggregate, potential impact of each facility type on natural resources, assessing levels of general impact on each of fisheries, wildlife and vegetation/rare ecosystems. Facility types with the highest aggregate impact were generally those located in pristine remote natural settings with a relatively large amount of land surface disturbance and attendant infrastructure (e.g. Land based tourism generator and back country lodge/cabin development). Those facility types characterized by limited land surface disturbance, and development infrastructure, that are located in front-country or already developed areas, tended to have small aggregate impact scores (e.g. tourist hotel/inn and upgraded campgrounds).

Worst-case scenarios were envisioned when rating the environmental impacts of each facility type. The actual impact of any commercial recreation facility development will depend on site selection, impact mitigation procedures used, the scope of the development and other related factors. Furthermore, impacts from commercial recreation developments on certain natural resources (e.g. fish and wildlife) should not be considered in isolation from those of other land uses in the same vicinity.

Summary

Northern Alberta certainly has the potential to expand upon commercial recreation and consequently enhance its tourism base. Its many attributes are tied to the natural and historic resources but commercialization has been slow to occur. If the private sector, government and northern communities are committed to orienting the services and attractions to tourism, several issues, concerns and needs must be addressed. Only then will the industry begin to flourish. Once commitment is agreed upon by the

necessary parties, proper planning and execution of an overall tourism strategy for the north should be adhered to. A seven part strategy to help implement the commercialization process has been formulated for the intergovernmental steering committee. Although this strategy is largely oriented towards spawning commercial recreation in northern Alberta, it also sets some sound strategic planning parameters to enhance tourism from a regional perspective.

III. SUMMARY OF ISSUES, CONCERNS AND NEEDS

In this section, the issues, concerns and needs that must be addressed in order for northern Alberta's tourism industry to flourish, have been summarized and categorized under the public or private entity that is either responsible for the concern or is in the best position to address it. The reason for this approach relates to the need for the development of a strategy that provides for quick action towards implementation. By assigning responsibility for action to the appropriate agency, the recommendations that form part of this study will more quickly be addressed and the concerns overcome.

The strategy for implementation, provided later on in this section, emphasizes the need for initial action and interaction among the various agencies in order to organize, coordinate, assign responsibility and create an appropriate, formally recognized, jointly agreed upon administrative and working structure. Only then can these agencies proceed in unison towards the development and implementation of an agreed upon tourism strategy for northern Alberta. The commercial opportunities can hence begin to be achieved.

The entities, issues, concerns and needs listed below are not listed in any order of priority or importance. In many instances, the concern listed may entail the attention of more than one entity. In these situations, the concern was placed under that entity which was either the most responsible, or in the initial stages could best address it.

Provincial Government Agencies

1. Although the government is encouraging economic diversification through the development of the tourism industry, there is a perception that northern Alberta has not received the same attention as other areas of the province, even though this area contains many of the pristine wilderness features that are in growing demand by domestic, national and international tourists.
2. Although the Provincial Government is encouraging the private sector to lead the way in the development of the tourism industry, in many cases it is seen to be in direct competition with the private sector (i.e. provision of free campgrounds or lower camping fees by the government conflicts with private campground operators).
3. Reportedly, very few private operators, municipalities or non-profit groups are aware of existing government policies, regulations, grants, or expertise that govern or are available to them in the development and operation of their facilities or attractions.
4. There is a lack of public/industry involvement in the Provincial Government decision making process relevant to the control or regulation of tourism-oriented issues.
5. Private operators are of the opinion that there are too many government restrictions pertaining to the access and use of crown land for commercial recreation development and in gaining access to, and use of, waterbodies and water-courses.
6. The hunting industry is being challenged by the government's outfitters policy and their allowance of more disruptive natural resource extraction industries (i.e. forestry).
7. The general services, room, alcohol and tobacco taxes are seen as inhibiting the development of tourism.

8. There is a lack of a coordinated government approach towards the research, management and policing of the fish and wildlife resource and the natural environment as a whole with regards to recreation carrying capacities.
9. There is a perceived and real need for relevant Provincial Government departments to better coordinate their activities (i.e. policy development, administration, communication, granting procedures, available expertise) to better assist private operators, municipalities and non-profit groups in their tourism development endeavors.
10. Private operators are of the opinion that there is a lack of consistency and equity in the administration of government policies and regulations from one region to the next.
11. There is a general lack of major destination/generator attractions in northern Alberta.
12. Although northern Alberta is rich in culture, history and heritage, there are relatively few significant historic/cultural interpretive centres compared to Southern Alberta. However, a number of studies, both government and non-government driven are presently investigating the potential of such developments.
13. Very few formally recognized sanctuaries, natural areas and ecological reserves have been set aside in northern Alberta by the government. Such areas could add to the tourism "attraction" product.
14. Poor winter road conditions inhibit the development of a winter season tourism industry.
15. Existing accessible recreation water bodies are overcrowded, suggesting that there is a need for the development of more access to presently inaccessible lakes.

16. The restrictive nature of highway signage regulations are seen as a detriment to properly advertising attractions and facilities to the travelling tourist.
17. Air travel is restricted to many locations due to the absence of adequate airstrips.
18. There is a need for more cooperative marketing ventures among government agencies, tourist zones, municipalities and private sector operators.
19. Private/public sector partnerships pertaining to industry education/awareness and the development of cooperative industry strategies are very limited or unknown to the operators.
20. There is a lack of accessibility to tourism hospitality/awareness/operational training resources available for management and staff involved in tourism-oriented businesses.

Municipal Governments

1. A number of communities are more inclined to concentrate on attracting and developing traditional natural resource extraction industries to the detriment of the tourism industry. This can be attributed to the obvious large, short term gains that are perceived by community leaders with regard to attracting large projects of this nature as opposed to the much smaller impact related to one man operation tourism-oriented projects.
2. Municipal planning documents, bylaws and regulations inhibit or do not take into consideration the industry's special needs, with regard to the development of many tourism-oriented facilities and attractions.
3. Many operators feel that taxes on businesses, land and buildings are excessively high due to the seasonality of their operations.

4. Although most communities host annual events which are relatively successful, they draw few people from Central or Southern Alberta and in almost every case, hold the event in the summer only (i.e. few fall, winter, spring events). In many cases, these community-oriented events lack financial resources and volunteers.
5. There is a need for the provision of more supportive infrastructure (i.e. improved access roads, provision of directional signs, boat launching/access/marine facilities, staging areas).
6. Northern Alberta municipalities spend more time competing than they do coordinating and supporting each other with regard to the development and promotion of the area's tourism industry.
7. Private operators receive limited promotional coordination assistance from municipalities.

Private Operators/Businesses

1. Very few operators possess, or attempt to obtain, the tourism industry training necessary to run a successful business (i.e. financial, management, market development, staff management, etc.).
2. There is a lack of a qualified labour pool due to the area's sparse population.
3. There is a lack of major tourism destination/generator attractions in northern Alberta.
4. Due to the fact that the present international and domestic markets are more interested in the consumptive use of wildlife (i.e. hunting and fishing), it is difficult for existing operators to perceive that there are other lucrative opportunities to be pursued..

5. Although the greatest potential for northern Alberta tourism development lies in wilderness adventure product development (camping, fishing, canoeing, jet boating, wildlife viewing, etc.), little is presently being done to develop this segment of the industry.
6. Most attractions cater to local/regional markets and draw very few out of area tourists.
7. Resort/cabin developments are in limited supply in the near north even though the potential exists to capture southern/central Alberta markets (Edmonton).
8. Existing tourist services (i.e. fixed-roof accommodation, restaurants, etc.) cater more to the traditional natural resource-related industries than they do to tourists (i.e. poor quality, unaesthetically pleasing, lack of hospitality and tourism awareness staff training). As a result, the quality, type and diversity of such facilities is limited both in urban and rural areas.
9. Private campgrounds do not supply the necessary services, entertainment, and infrastructure to attract and hold tourists and may be located in areas that have questionable natural attributes (eg. Alberta Tourism's Family Vacation Destination Resort concept).
10. The private sector has not developed concentrated recreation/tourism facilities to compliment more traditional types of attractions (eg. amusement parks, golf course, tennis courts, etc. located next to a historic attraction in order to provide tourists with a variety of things to do).
11. Very few bed and breakfast facilities, guest houses and country vacation guest farms exist in northern Alberta.
12. There are a lack of private tourism companies in the area offering established, well planned, well marketed tours of northern Alberta, even though existing

road patterns lend themselves to this activity. This may be due to the small market and present lack of a developed attraction base.

13. Due to poor quality access and service, existing fishing lodges are having limited success.
14. Private operators are not targeting or developing specific product packages that would cater to potential market segments because they do not take the time to develop realistic marketing/promotion plans. Therefore, their marketing efforts are based more on repeat business and very little on "proactive" marketing.
15. Operators are not aware of, or are not willing to develop, the necessary flexibility into their operation so as to gain access into other market segments especially during their off-season periods (eg. outfitters/guides catering to wildlife observers).
16. There is a lack of cooperative marketing and packaging taking place between adventure product operators and other facility and service operators (i.e. fixed-roof accommodation, airlines, bus lines, restaurants, etc.). This has resulted in the area not meeting the demand for high quality, reliable, well organized tourism experience packages.
17. There is a need for more cooperative marketing among Canadian Adventure operators in order to access the international market. This is often due to the fact that individual operators can only afford to market domestically.

Traditional Northern Alberta Natural Resource Extraction Industries

1. Traditional natural resource extraction industries have a more dominant role in the area than the tourism industry. All levels of government and residents, in general, do not see tourism as an equal partner. Due to the lack of significance given to the tourism industry, many pristine natural areas are destroyed by relatively short term gain natural resource extraction industries to the detriment of the long term benefits of tourism.
2. Natural resource extraction industries place restrictive regulations on the use of their access roads which impedes the development of wilderness adventure operations.
3. Commercial fishing is depleting the fisheries resource to the detriment of the sport fishing industry.

Financial/Insurance Institutions

1. Financial lending institutions are not supportive of tourism-oriented business opportunities due to their lack of expertise and knowledge of the industry. Consequently, only limited funds are made available for tourism development opportunities.
2. Operators find it difficult and expensive to obtain safety/liability insurance due to the inherent risk as perceived by insurance companies with regard to many tourism adventure activities.

Regional Agencies (Tourism Zones, Regional Planning Commissions, Northern Alberta Development Council)

1. Tourism zones are not providing the necessary coordinating role among communities. This effort is required for the development and marketing of events, attractions, facilities, tours, etc.

2. Existing tourism zone areas are too large and unwieldy to properly represent and serve their members.
3. Tourism zone officials do not have, and are not readily being provided with, the marketing and product knowledge necessary to cooperatively assist clients within their area.
4. Presently, regional agencies, in the development of their policies and regulations, do not service the tourism industry to the degree that they do other more traditional industries.
5. There is a need for sound, coordinated planning in the development of both capital intensive tourist facilities as well as supporting the development of non-intensive uses. There is a need for more cooperation among regional planning commissions, tourism zones, the Northern Alberta Development Council, municipalities and government agencies.

IV. IMPLEMENTATION STRATEGY

A seven part development strategy is suggested to assist in the implementation of commercial recreation in northern Alberta. More detailed recommendations and the various actors necessary to see the opportunities come to fruition will fall out of the strategy.

Strategic Steps

1. Acceptance of Common Goal and Understanding

Prior to any discussions with the business community, it is imperative that a common understanding of the project report and findings are accepted by affected parties. Such may include but not be limited to:

- N.A.D.C.
- Provincial Government Agencies
- Municipalities
- Tourism Zone (Administration)
- Regional Planning Commissions

This step should also entail a common goal about what the results and ultimate recommendations are expected to achieve.

Furthermore, an approach or direction upon which to present the desired results to the business community (or public) should also be agreed upon.

It is hoped that this initial step in the process can also entail preparing a common "vision" for tourism in northern Alberta. Implementation of the various recreation opportunities and follow-through on the following steps in the strategy will then have a solid foundation from which to proceed. It is assumed that most affected parties in northern Alberta want to see a "call for action" statement that is common to all and that will help the industry begin to grow immediately. Such a statement should be a result of combined input from agencies such as NADC, the Tourism Zones and affected provincial government agencies and possibly drafted by an independent party.

2. Appreciation and Support by the Business Community

The second major step should involve the business community in order to garner their support and understanding of the commercialization process

desired in northern Alberta. It is expected that the desired results or goals of the above-noted parties are best presented through appropriate business organizations. Some of these organizations include, but should not be limited to, the following:

- TIAALTA
- Chamber of Commerce
- Local Business Associations
- APCORS (Private Campground Owners)

This initial communication with the umbrella business groups can take the form of conferences, seminars or written communication with key people and strategically chosen contacts.

3. Cooperation on Means to Proceed Between Private and Public Sectors

Once the business community has agreed to support the process, joint decision making should be stressed. Agreements should be reached on matters that must be evaluated, studies undertaken, re-organizations that must occur and issues that have to be addressed prior to proceeding or that are constraining commercialization.

An agenda should be struck with all appropriate parties as to action steps deemed necessary and decisions required before any further implementation can occur. Time lines should be applied as definitively as possible. An appropriate organization should be given the responsibility to monitor progress. (NADC's present mandate may already be attuned to taking on this activity.)

4. Carry Out Decisions and Action Steps

This next step entails making decisions or carrying through on agreed upon action steps. A three part approach is suggested for this aspect of the strategy:

- i) Policy & Program Evaluation
- ii) Detailed Studies on Issues relevant to the resource base, operator base or government concerns and initiatives
- iii) Organizational Development - commitment of people, time and possible funds to support planning at local and regional levels to assist tourism development and commercialization of recreation.

The essence of this fourth step is to address any concerns, issues or questions with properly researched, analyzed and documented information. It is hoped that the relevant agencies will have recognized the need for and committed resources to necessary studies and evaluations.

Planning or detailed evaluations of particular issues or geographic areas of northern Alberta may also need organized groups or committees to promote and oversee the necessary work. This part of the strategy will assist with the detailed regional plans for strategic tourism development areas of the north. Without the full commitment of key local people, agencies and time, the regional planning initiatives will not come about.

5. Planning Implementation

An essential ingredient for the success of tourism in northern Alberta is the preparation of regional tourism plans. These plans will effectively cover geographic areas deemed to be a realistic strategic region that can be used to develop or enhance:

- linkages between attractions
- critical mass of projects
- cooperative marketing

- tourism appeal
- community cooperation
- identity

At present, planning schemes are being undertaken at the local level through the Community Tourism Action Plan (CTAP) program, or regionally at the Tourism Zone level. The latter approach is ineffective due to the size of the zones and poor geographic affiliations between the respective areas of the zones. From the community perspective, it has already been proven that local areas are very dependent on attractions or natural resources in the immediate surrounding area or on other communities in the region. The regional tourism planning process would effectively address this major shortfall in the CTAP process.

Two aspects to this step are required:

- i) - Establish the regional focus
 - Strategically chosen geographic areas (possibly within the 10 complexes used in this report) upon which to undertake detailed tourism planning. The region should be delineated by local input with some professional assistance in order to assure the necessary buy-in by local entrepreneurs, communities and operators. The optimum region would dovetail with other tourism regions and use proper criteria for the identification of the boundaries.
- ii) - Prepare detailed plans
 - The regional plans are expected to help achieve new developments, and enhancement and ultimately the marketing of tourism products within a given region. It is hoped that plans will be established to

obtain short term achievements as well as some longer term objectives. The plans should be used to:

- assess current status of tourism in the area
- investigate market trends relative to the area
- determine which options (facilities/ attractions) hold most potential
- identify viability of opportunities by assessing:
 - . natural resources potential
 - . environmental concerns
 - . infrastructure requirements
 - . financial & entrepreneurial requirements
 - . policy & market constraints
 - . competition
- segment potential by scope and scale
- identify strategic approaches to development of a commercial opportunity
- address and mitigate constraints to development.
- help establish an area as a tourism destination
- help prepare a marketing strategy

6. Commercialization

With detailed plans in place at the regional level, commercialization must begin to occur. Private sector interest in opportunities must be created. Proposals for further investigation of business opportunities must be

addressed. The need may arise to fund or support feasibility studies and assessments required by entrepreneurs.

Incentives in the form of capital grants, concessions or loans or operating assistance should be evaluated based on the merit of the particular development in the regional tourism scheme as well as on the project's own viability.

Counselling and direction to entrepreneurs with sound ideas for development may also be required. Various private and public sector agencies throughout the north must be regularly available to provide business assistance. At present, such help is offered by Alberta Economic Development and Trade (Small Business Division) and Alberta Tourism, and to some degree by the local economic development staff and community futures offices. It is imperative that all sources of counselling, including the conventional banks, AOC, FBDB, Apeetogosan (Native and Metis) and the educational institutions (eg. AVC's) are used and promoted for commercial evaluations. Programs provided by government (eg. the Management Assistance Program - M.A.P.) should also be maximized throughout the northern communities.

Lastly, many entrepreneurs throughout the north indicated that access to good data and information to plan and analyze their business ventures is limited. Every effort should be made to educate and direct business people to sources of information. This should be the responsibility of local economic development offices, tourism zones, libraries, educational institutions and Economic Development and Trade regional offices that presently operate out of Edmonton, Edson, Peace River, Grande Prairie and St. Paul.

7. Support, Maintenance and Monitoring

Once commercialization in the north is underway, support, maintenance and monitoring of the businesses and resources upon which the businesses are based should be undertaken regularly. This element of the strategy, should entail a collaborative effort between the operators, municipalities and

respective provincial government agencies. The purpose of this step is to ensure that ventures are maximizing their capabilities after they are established. Some of the key aspects to be addressed include, but are not limited to, the following:

- Operating Assistance

Addressing business management, marketing and financial concerns or issues that are constraining ventures from expanding markets or scope of projects.

- Training/Recruitment

Addressing hospitality training and standards required by certain operations, including permanent and seasonal staff as well as management personnel.

Addressing the challenge of recruitment of labour and managers into the northern communities that can efficiently operate and/or promote commercial recreation/tourism businesses.

- Monitoring and Evaluation

Addressing the need to continuously monitor trends with respect to the natural resource base, markets, government intervention or any other matter that can cause a business to falter or help it improve. Although government direction may be required in the beginning, ultimately, the onus should be put upon the operators to monitor and evaluate the business and environmental matters for their own benefit. Such programs are becoming very effective in other provinces. For example, in B.C., the Cottage and Outfitters Association (fishing lodges, etc.) have established a program of regular feedback to government officials on fisheries resources and catches. It is believed that the monitoring, evaluation and feedback process is an excellent means of improving "business buy-in" to sustainable development. Partnership between government and business is the key to this program. Without the cooperation of each, the benefits derived are much fewer.

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